F-35 Lighting II Program

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Affordability War Room: Committed To The Acquisition Mission

By F-35 Lightning II Program Office

The F-35 Joint Program Office manages the cost of the aircraft with its department leadership, industry partners, and operations experts to systematically reduce costs in order for customers to afford and continuously operate the F-35 in the coming decades. With the recent milestone news of the JPO and Lockheed Martin teams' agreement on a three-lot deal that achieves an average 15 percent unit cost reduction and brings the price of an F-35A less than $80 million – one year earlier than planned – it incentivizes industry to continuously improve their performance and provide the best value for our warfighter and taxpayer.

The Affordability War Room is an example of the JPO's commitment to the execution of an acquisition mission that will deliver and sustain affordable, effective F-35 air systems. Ms. Nikeya Gibbs, JPO Affordability Team, discussed the Affordability War Room and its mission.

1. *What is the Affordability War Room (AWR) and its mission?*

The Affordability War Room (AWR) is a collaborative environment consisting of both government and industry whose mission is to set the affordability direction and provide standard robust tools and processes to evaluate and execute cost reduction efforts for the F-35 program. AWR has the responsibility to manage, track, validate and capture cost reduction initiatives. We also measure progress towards meeting the Services' budget constraints. Our core team is comprised of JPO, Lockheed Martin and Pratt & Whitney, however we also collaborate with the Services and International Partners to ensure we have enterprise alignment and an integrated solution towards cost reduction.

2. *Is this unique here at the JPO to work with industry one-on-one to drive down costs?*

No, industry plays a huge part in controlling the cost of the program. The AWR allows for enhanced collaboration with similar strategic and cross functional organizations to develop a holistic approach to program cost reductions and implement affordability across the enterprise.

3. *From your perspective, what affordability challenges exist for us?*

To be successful at achieving an affordable program, there are two things that come to mind. First, having clear alignment on the foundational capabilities required to enable success. We have to have the right tools, resources and mechanisms in place to enable cost reductions efforts to occur, and second, there has to be a clear strategic approach and accountability. It will take a joint effort working with JPO, Industry, Services and the International Partners to achieve these set targets.

4. *Can you walk me through the Cost Reduction Initiatives process that exists between the JPO and industry partners?*

A cost reduction initiative can be described as a project or effort that finds and removes unwarranted expenses from the program without having a negative impact on product quality. It's based on analysis of the program's operations, best practices and benefit assessments.

The AWR uses a five-step process to manage the evolution of a cost reduction initiative, from idea generation to execution.

- Stage 1: New ideas are generated and submitted to the AWR for entry into the process.
- Stage 2: Initiatives are prioritized to ensure work is focused on the highest impact items.
- Stage 3: An in-depth business case analysis is conducted to determine the value of savings, cost growth avoidance, or net reduction to the Annual Cost Estimate (ACE).
- Stage 4: Initiatives are authorized for implementation by engaging the appropriate stakeholders.
- Stage 5: The initiative's savings, cost growth avoidance, or net reduction is captured in the ACE.

5. *How can someone get their idea out to the decision makers about a CRI?*

The entry point to Stage 1 of our process can be achieved by using the 'CWR Initiative Suggestion Form' which can be found on the homepage of the F-35 JPO external website www.jsf.mil. Ideas can be generated by anyone, (Warfighter, Suppliers, IPTs, etc.)

6. *What are some CRIs within each of our lines of effort – development, production, and sustainment?*

The AWR manages and tracks CRIs that come through from various sources such as the Reliability Maintainability Improvement Program (RMIP), Maintenance Plan Changes, Strategic Sourcing, Science & Technology, Blue Print for Affordability (BfA) and many more.

Some examples of CRIs currently in the pipeline are:

- For Sustainment:
  - Next Gen OML Coating: The Next Generation OML Coating System will take advantage of recent technological advances to increase the coating system service life for all aircraft beyond 5 years, reducing coating restoration cycles and sustainment costs.
  - O+ Wheel Maintenance: Increased O Plus wheel repair capability that will enable transition to Conditioned Based Maintenance (CBM) process.
- Production and Sustainment:
  - Next Gen Electro-Optical Distributed Aperture System (EO DAS): Reduce total life cycle cost (i.e., Production and Sustainment costs) of EO DAS by incorporating an improved R&M design into the fleet.

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- Development:
    - There are several areas of opportunity to reduce cost including flight test, systems engineering, modeling and simulation. Areas of focus are utilization of Open Systems Architecture, model-based systems engineering, and agile development/delivery as strategic goals to increase competition, speed and responsiveness in modernization. More practically, the government/industry team has a daily effort to identify and triage potential CRIs.